S. HRG. 98-325

NOMINATIONS OF PAUL I. ENNS AND JOSEPH ALISON KYSER TO BE MEMBERS OF THE FEDERAL FARM CREDIT BOARD, FARM CREDIT ADMINISTRATION

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

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CONTENTS

	Page
Hawkins, Hon. Paula, a U.S. Senator from Florida, opening statement	1
Wilson, Hon. Pete, a U.S. Senator from California	9

CHRONOLOGICAL LIST OF WITNESSES

Denton, Hon. Jeremiah, a U.S. Senator from Alabama	1
Thomas, Hon. William M., a Representative in Congress from the 20th District of California	2
Enns, Paul I., Bakersfield, Calif	6
Kyser, Joseph A., Greensboro, Ala	6
Questions from Senator Huddleston to Messrs. Enns and Kyser and answers thereto	12
Heflin, Hon. Howell, a U.S. Senator from Alabama, prepared statement	13

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TUESDAY, JULY 26, 1983

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 328-A, Russell Senate Office Building, Hon. Paula Hawkins presiding.

Present: Senators Hawkins and Wilson.

STATEMENT OF HON. PAULA HAWKINS, A U.S. SENATOR FROM FLORIDA

Senator HAWKINS. We are here today to consider two nominations by the President for membership on the Federal Farm Credit Board of the Farm Credit Administration.

We have with us a distinguished colleague and friend, Senator Denton from Alabama, who has the honor of introducing the nominee from Alabama, Joseph Alison Kyser.

Senator Denton.

STATEMENT OF HON. JEREMIAH DENTON, A U.S. SENATOR FROM ALABAMA

Senator DENTON. Thank you very much, Madam Chairman.

It is a great pleasure that I come before the Senate Agriculture Committee to introduce Joseph Alison Kyser, the nominee by the President, for consideration as a member of the Federal Farm Credit Board.

This nomination is especially important during this session of Congress, when we are faced with so many decisions regarding farm credit, while so many farmers are economically depressed. These are difficult times for our farming community, and that is why appointments to the Federal Farm Credit Board are made with great deliberation and thought.

President Reagan and Members of Congress want persons appointed to this Board who will help offer leadership and guidance to Congress and our Nation's farmers during these times of financial hardship.

Joe Kyser is certainly well qualified by his background, his character and experience to offer leadership and guidance to our Federal Farm Credit Board. Joe Kyser is a family farmer, and very

proud of this fact. His sons farm, his daughters-in-law help on the farm, and his father's family farmed. He currently owns and operates a 775-acre farm, with 225 beef cows in a cow-calf operation. He also, in partnership with his two sons, has 300 acres of ponds in farm raised catfish. The family has a catfish hatchery and an interest in a catfish processing plant.

Joe Kyser has also served as past chairman of the Federal Land Bank Association of Demopolis, Ala.; president of the Hale County Farm Bureau; director/president of the Greensboro Farmers Cooperative; and chairman of the board of trustees of St. Pauls Episcopal Church in his hometown of Greensboro, Ala.

Mr. Kyser, I am glad that I got this delay ended, and it has been a privilege for me to have introduced you this morning during this nomination hearing. I hope Congress will act expeditiously to approve your nomination.

I want to thank the chairman for permitting me to lead this thing off this morning.

Thank you very much, Senator Hawkins.

Senator HAWKINS. Thank you.

We welcome Congressman Bill Thomas who is here to talk about one of the nominees.

STATEMENT OF HON. WILLIAM M. THOMAS, A REPRESENTATIVE IN CONGRESS FROM THE 20TH DISTRICT OF CALIFORNIA

Mr. THOMAS. I am, Madam Chairman. Thank you very much.

I appreciate this opportunity to appear before the committee with my constituent, Mr. Paul Enns of Bakersfield, Calif. I have known Paul for over a decade, and I am extremely pleased to introduce him to the committee.

As you know, Paul has been appointed by President Reagan as the 11th Farm Credit District representative on the Federal Farm Credit Board. Paul was nominated for this position by 28 Production Credit Associations that operate in Arizona, California, Hawaii, Nevada, and Utah. The nomination and appointment are definitely in keeping with Paul's strong background in farm credit areas.

Paul has 31 years of experience with farm credit, 18 of them as a director of the 11th District Farm Credit Board. He served as chairman of the 11th District Board for 3 years and has also served as a member of the Fiscal Agency Committee and as a member of several national farm credit committees. All the while, Paul has maintained strong ties with the Bakersfield Production Credit Association by serving as one of the PCA's members.

Paul also brings along knowledge of farming practices to this position. A farmer since 1946, he is associated with his sons in farming 600 irrigated acres a little west of Bakersfield, principally cotton and alfalfa, and once in awhile splashes in something else, but he stays with the basics. I know he is especially concerned about the problems facing young, beginning farmers, an issue of importance to all of us who represent farming areas.

I would like to mention one last item before the committee begins its work, and that is the support that Paul has among the western farm community. When he was being considered for ap-

pointment to the Federal Farm Credit Board, producers, marketers, civic leaders, and business folk all contacted me to express their firm and strong support for Paul. I appreciated their confidence in his abilities and I know the committee will grant favorable consideration to his appointment.

Senator HAWKINS. Thank you, Congressman.

Mr. ENNS. Thank you, Bill.

Senator HAWKINS. I understand that Senator Wilson is on his way, but most of us have several places to be at the same time.

Senator Heflin would like me to mention that he strongly supports Mr. Kyser's nomination and regrets that he could not be here to introduce him. Also, he will not be back from Alabama until later in the day. And he has a very fine statement that he wants entered in the record.[1]

While we are waiting for Senator Wilson to proceed, I might say, as has been mentioned by my colleagues, Mr. Enns of Bakersfield, Calif., and Mr. Kyser, of Greensboro, Ala., have been nominated for these positions in different districts of the Federal Farm Credit Board of the Farm Credit Administration.

The Federal Farm Credit Board is the highest policymaking body for the Farm Credit Administration and the Cooperative Farm Credit System. The Board has the responsibility of promulgating regulations, to implement legislation enacted by Congress, affecting the operations of the System, and making recommendations to Congress concerning legislation relating to the needs of the System and its borrowers.

Twelve members of the Federal Farm Credit Board, one from each district, are appointed by the President with the advice and consent of the Senate, for a 6-year term. Another member is appointed by the Secretary of Agriculture. Members serve on a part-time basis and are not eligible for reappointment.

The President, in making these appointments, considers the public interest, the welfare of farmers, a fair representation from the three banking groups, the Federal Intermediate Credit Bank, the Federal Land Bank, and the cooperatives. And he must give consideration to persons who are experienced in cooperative agricultural credit. The importance of the Farm Credit System to American agriculture is without question. Approximately one-third of all farm debt is held by the System. In fact, if the System were a bank, it would rank only behind Citicorp, Bank of America, and Chase Manhattan as the fourth largest bankholding company in the United States.

The System is the largest supplier of farm real estate loans, holding about 40 percent of outstanding debt. It provides about one-fourth of operating intermediate credit, second only to commercial banks.

In addition, the System supplies over 60 percent of the credit needs of farm cooperatives. The American farmer has a big stake in keeping the System strong with qualified experienced people to provide the leadership on the Federal boards. The Farm Credit System will continue to be the envy of the entire world in its service to agriculture.

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[1] See p. 13 for the prepared statement of Senator Heflin.

You are both to be commended, gentlemen, for your past work with Farm Credit and your commitment to use that knowledge to provide an even greater level of assistance to your fellow producers.

As chairman of the Subcommittee on Agricultural Credit and Rural Electrification, I want you to know that I appreciate your willingness to serve in this capacity, and I know that all of the background information will be provided to all members of the committee, and without objection this material will be entered in the record.

[The material follows:]

U.S. OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., May 31, 1983.

Hon. JESSE A. HELMS,
Chairman, Committee on Agriculture, Nutrition, and Forestry,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Under the Ethics in Government Act of 1978 ["the Act"], those Presidential nominees requiring Senate confirmation who are not expected to actually serve in their respective Government positions for more than 60 days in a calendar year are not required to file public financial disclosure reports. The Act, however, does contain a provision in Section 201(b) which allows the Committee holding the confirmation hearing to request any additional financial information it may wish from the nominee. You stated in your letter of September 11, 1981, that your Committee wishes to receive the financial disclosure report (SF 278) of any Presidential nominee for whom your Committee holds a confirmation hearing, along with a written opinion from this Office regarding any possible conflict of interest.

Pursuant to this request, I enclose a copy of the financial disclosure report of Joseph A. Kyser, who has been nominated by President Reagan as a member of the Federal Farm Credit Board. Because Mr. Kyser may not serve more than 60 days in any calendar year, the enclosed report and this letter are submitted to you in accordance with your Committee's confirmation procedures and will be available for public inspection only to the extent provided for by your practices. There is no authority under the Act for public release of this material by the Executive branch at this time. Some members of this Board do eventually serve more than 60 days in a calendar year. Should Mr. Kyser do so, he will be required at that time to make a public financial disclosure report.

We have reviewed the report and have obtained advice from the Farm Credit Administration concerning any possible conflict in light of the Board's functions and the nominee's proposed duties. Mr. Kyser understands that he will be required by 12 U.S.C. 2242(c) to resign as a Director of the Federal Land Bank Association of Demopolis upon confirmation. Further, Mr. Kyser has loans from the Federal Land Bank Association of Demopolis and the Production Credit Association of Demopolis. Because the statute establishing the Board clearly contemplates that members will have such interests, the FCA has proposed a waiver under 18 U.S.C. 208(b)(2) which would allow all members to take action on general policy matters which may affect these interests. Should this waiver not yet be in effect at the time of Mr. Kyser's confirmation, the Chairman has determined that Mr. Kyser should receive a waiver under 18 U.S.C. 208(b)(1) so that he might participate in those general policy decisions of the Board which might affect those interests in the same manner as all others similarly situated. The waiver of course would not extend to matters which directly and specifically affect his interests.

Based upon these commitments, we believe Mr. Kyser will be in compliance with applicable laws and regulations governing conflicts of interests.[1]

Sincerely,

DAVID R. SCOTT, *Acting Director.*

[1] The financial disclosure report of Mr. Kyser is retained in committee files.

U.S. OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., May 11, 1983.

Hon. JESSE A. HELMS,
Chairman, Committee on Agriculture, Nutrition, and Forestry,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Under the Ethics in Government Act of 1978 ["the Act"], those Presidential nominees requiring Senate confirmation who are not expected to actually serve in their respective Government positions for more than 60 days in a calendar year are not required to file public financial disclosure reports. The Act, however, does contain a provision in Section 201(b) which allows the Committee holding the confirmation hearing to request any additional financial information it may wish from the nominee. You stated in your letter of September 11, 1981, that your Committee wishes to receive the financial disclosure report (SF 278) of any Presidential nominee for whom your Committee holds a confirmation hearing, along with a written opinion from the Office regarding any possible conflict of interest.

Pursuant to this request, I enclose a copy of the financial disclosure report of Paul I. Enns, who has been nominated by President Reagan as a member of the Federal Farm Credit Board. Because Mr. Enns may not serve more than 60 days in any calendar year, the enclosed report and this letter are submitted to you in accordance with your Committee's confirmation procedures and will be available for public inspection only to the extent provided for by your practices. There is no authority under the Act for public release of this material by the Executive branch at this time. Some members of this Board do eventually serve more than 60 days in a calendar year. Should Mr. Enns do so, he will be required at that time to make a public financial disclosure report.

We have reviewed the report and have obtained advice from the Farm Credit Administration concerning any possible conflict in light of the Board's functions and the nominee's proposed duties. Mr. Enns understands that he will be required by 12 U.S.C. 2242(c) to resign as Chairman of the Bakersfield Production Credit Association upon confirmation. Further, Mr. Enns has loans from the Federal Land Bank Association of Bakersfield and the Bakersfield P.C.A. Because the statute establishing the Board clearly contemplates that members will have such interests, the FCA has proposed a waiver under 18 U.S.C. 208(b)(2) which would allow all members to take action on general policy matters which may affect these interests. Should this waiver not yet be in effect at the time of Mr. Enn's confirmation, the Chairman has determined that Mr. Enns should receive a waiver under 18 U.S.C. 208(b)(1) so that he might participate in those general policy decisions of the Board which might affect those interests in the same manner as all others similarly situated. The waiver of course would not extend to matters which directly and specifically affect his interests.

Based upon these commitments, we believe Mr. Enns will be in compliance with applicable laws and regulations governing conflicts of interests.[1]

Sincerely,

DAVID R. SCOTT, *Acting Director.*

Senator HAWKINS. We have statements concerning both of your backgrounds, Mr. Enns and Mr. Kyser, so I will not belabor the record by repeating those things stated by your representatives who so willingly came to endorse your nominations.

As members of this committee, I am sure you are aware we have to review the credentials of the people who come before us. I think this time we are blessed with two extraordinarily qualified nominees for positions on the Federal Farm Credit Board. Your energies and talents will be put to good use in this capacity for the next 6 years.

I would like to ask if you have a statement you would like to make to the committee, if not verbally, for the record.

[1] The financial disclosure report of Mr. Enns is retained in the committee files.

25-030 O - 83 - 2

STATEMENT OF PAUL I. ENNS, BAKERSFIELD, CALIF.

Mr. ENNS. Madam Chairman, I have no prepared statement, but I almost overlooked the opportunity to introduce my wife who accompanied me here from Bakersfield.

Senator HAWKINS. Fine.

Mr. ENNS. Mrs. Enns.

Senator HAWKINS. What is the temperature in Bakersfield today?

Mrs. ENNS. I do not know, but it is under 90. [Laughter.]

Mr. ENNS. Other than that, I might say that I am real pleased to be here, and will be happy to carry out the responsibility that faces me in this issue. And, hopefully, I can get the job done. Thank you very much.

Senator HAWKINS. You have good supporters accompanying you today.

Mr. Kyser.

STATEMENT OF JOSEPH A. KYSER, GREENSBORO, ALA.

Mr. KYSER. I have no prepared statement. I will be glad to answer any questions. I am honored that I have been selected for this position. I will do my very best. I think I am qualified.

Senator HAWKINS. We have some formal questions that must be asked of both of you while you are here before the committee.

The first one, if your nomination is approved by the committee and the Senate, do you promise to respond to requests and appear and testify before this committee and any other duly constituted committee of the Senate?

Mr. ENNS. I will.

Mr. KYSER. I will.

Senator HAWKINS. If you are confirmed by the Senate, will you faithfully execute the laws passed by Congress regardless of any previous statements you may have made, or biases you may have held?

Mr. ENNS. I will.

Mr. KYSER. I will.

Senator HAWKINS. We have some questions for you. I know each of you gentlemen are engaged in farming, and for the benefit of the committee members who are not here, and will read this record, would you comment on the extent of your experience in agriculture?

Mr. ENNS. Well, after being released from military service after World War II, I chose farming as an occupation and I have been with it ever since. My first opportunity I had was to borrow a little money from the local Production Credit Association. As it turns out, I still owe them some money. It appears that in the farming business, once you owe somebody, you are going to do it for the rest of your life. But we have suffered through good times and bad times and, fortunately, we are one of those that are still here. And another lucky part is that we are raising boys that look like they are going to carry on. And, hence, I have made a statement about being interested in the financing of young farmers, because they face many problems as today's agriculture does. And I believe that the years that I have served not only on the farm credit institu-

tions, the district board, the Production Credit Association, I have worked for development of water in California for agriculture, and schools and so forth, in community activities. So I believe firmly that this background puts me in a well-qualified position to be on the Federal Board and assist in many of the matters that confront us.

If there are any further questions, I will be real happy to answer them.

Senator HAWKINS. Mr. Kyser?

Mr. KYSER. I grew up on a farm, 25 miles from town. And we were farm people with no other income. I graduated from college with a B.S. in animal husbandry. I worked a year and a half in agricultural economics and in the Extension Service for 5 years.

After World War II, I decided I wanted to farm, so I found a farm we could buy with no money, and I dove right in, with a fine wife, and we have farmed ever since 1948, with no other income. And my boys, apparently, want to farm too. We like it. It has been a good life. We have some grandchildren who say they want to farm, too.

Senator HAWKINS. Keep it in the family.

Mr. KYSER. Keep it in the family.

Senator HAWKINS. As I said, you are both extremely well qualified for appointment to the Board. Would each of you elaborate on your involvement with the Federal Farm Credit System, and how this experience should prepare you for an active role on the Board?

Mr. ENNS. Well, I think it is very interesting, after I had originally borrowed a little money from the Production Credit Association, I found after a few years someone came by and said, "How would you like to be a nominee for the local board of directors?" I said, "What's that?"

So I was first elected to the local board in 1951, and for whatever reason, took a real interest in the activities of the association. It did not take too long and the other associations apparently felt that I could contribute something to the activities of farm credit, and after serving a short time on the district advisory committee, as a vice chairman, they proceeded to ask me to run for the district farm credit board. And, of course, that was all new to me. So, in 1959, I was seated on the district board, by their advocation and support, and served on that board through six reelections, for 18 years, which was no small chore. There was a lot of competition. And during that time, we were able to institute farm credit loans in the State of Hawaii, where there had been none prior to that time. We were able to move our district headquarters out of the city area in the San Francisco Bay area, in Berkeley, to Sacramento, which was a pretty good chore. We find that that area is much more acclimated to agriculture. And it has been a real joy to people because they live in a more agricultural attitude, and we found real good success in getting boys to come to work with the System.

I believe one of the other activities that I supported fully, and has been a real benefit to the System, is the training program for young people coming in to work with the System. And, on my inquiry just recently, I found that we have had a retention rate of 50 percent of the people that went through that training program with us. Many of these people are now presidents of important

lending institutions. And these are the type of things that make farm credit work. In addition to that, of course, we have good personnel policies, and programs of financial remuneration that keep these people with you. It is so important in view of the fact that we lend principally, I should say altogether, to agriculture, and that we train these people that they know what the problems are and can deal directly with the problems.

Probably most of you are aware that agriculture is having real problems right now. We are finding a lot of bankruptcies. There is no single thing that causes these bankruptcies. It can be a combination of weather, the economic conditions of the various commodities, and you name it. I even put divorces on it, because a lot of times that breaks up a farming unit.

So, with all of these things happening, I think it is so important that these young people that come in be trained to know how to do their job to help the farm families to have a successful operation, so that we can continue to have food as we have been accustomed to at a low cost.

Thank you.

Senator HAWKINS. Thank you.

Mr. Kyser.

Mr. KYSER. I got my first PCA loan in 1937, which is several years ago. Incidentally, that was for a young farmer, because my brother who was under age was an active member of that partnership at that time. I signed a note with him. It was in my name. But since I have been a full-time farmer, I got a land bank loan as early as I had sufficient equity to get one. You know, you have to have certain equity. I have been with them ever since. I have almost worked my way up the System. Like I say, I am a borrower with PCA and the land bank. I have been a director in the local land bank association for 25 or 30 years. I have been on the district board and chairman of the district board in New Orleans. I have been on the central bank board in Denver, which is a correspondent bank for the large loans, for the banks or cooperatives.

I have been on the fiscal agency advisory committee and am also a charter member of the board of governors of farm bank services, which is a service agency for the Farm Bank System. It is a housekeeping agency.

I feel like I have done most everything I could do without being salaried. We enjoy it, and I think I contribute. I hope I have.

Senator HAWKINS. I am sure you have or you would not be here today.

Obviously, you have both expressed interest in the difficult time farmers have had the past few years.

What role do you think the Farm Credit System should have in assisting farmers in financial difficulty or, if you would like to phrase it another way, how much forbearance do you feel is appropriate in dealing with delinquent borrowers?

Mr. ENNS. I am still sitting on the Production Credit Board. I will have to resign, because the law requires that I resign when I take a position on the Federal Farm Credit Board. So I have been involved directly with many of these activities, and it is a real sad day when some of my friends or some of my neighbors run into fi-

nancial difficulty, and I have to take a look and help make the decision, which is not always favorable.

It has been my experience that the dilemma that farmers get into for the varied reasons that I mentioned previously, sometimes—well, we charge our employees with being sure that the farmer understands where he is in his own position, because these things do not always happen overnight. And you find a decline in their position in which they are depreciating their assets. We make every attempt to see that they are informed about what is happening to them in their own individual case. Then it is up to them to make the decision, because it is not our position to say to stop farming or do something else because maybe this is all they have known for all of their lives and may not know what else to do. But the thing that finally happens is—and I think it is so important in the Farm Credit System, in learning to take losses, and they are unprecedented in our history at the present time—that within our own jurisdiction I find that very often in a foreclosure situation, whether it involves bankruptcy or not, the association is very lucky to come out without a loss of its own on these operations. What this indicates is we stay with people just as long as possible and, hopefully, either economic conditions, good crops or something will assist them in the salvation of their own operations.

So I feel the best the Farm Credit System can do is have the experience and knowledge to properly advise these people in respect to how they do their own operations, and we wish them every success, but it does not always happen just like with other parts of our economy. I think we are doing a hell of a good job. Pardon my English. [Laughter.]

Senator HAWKINS. I know your experience will be appreciated.

We have been joined at this time by my distinguished colleague and friend, Pete Wilson, and he has a statement at this time that he would like to enter in the record.

STATEMENT OF HON. PETE WILSON, A U.S. SENATOR FROM CALIFORNIA

Senator WILSON. Thank you very much, Madam Chairwoman.

I am delighted to have the opportunity to second the comments made by Congressman Thomas. Mr. Enns is not known to me personally, but he is known to me by reputation, and I am familiar with his reputation.

You have already been engaged in questioning with him. As I came in, I discerned that he has already revealed to you his deep conviction borne out of many years experience that he has had in working in agriculture, and revealing to you his familiarity with farm credit. I think he is going to be a superbly qualified member of this Board, and I think we are fortunate that he is able and clearly so eager to serve.

I think there has already been placed in the record his affiliations, the number of years that he has spent and the service that he has already given to agricultural work, I think speak more eloquently than almost anything else that could be said. He clearly understands the needs of the farmer, and he understands the needs for intelligent administration of the farm credit program.

Paul, we are delighted that you are willing to take on this responsibility.

Thank you very much, Madam Chairwoman.

Senator HAWKINS. Thank you, Senator, for taking the time to come over here.

Mr. ENNS. Thank you, Senator. Could I just stand up and shake your hand.

Senator HAWKINS. I am sure he is engaged in many other committee hearings, as we all are. I know how much it takes to make these meetings and his deep feeling for you. I am sure your attributes brought him to the table. Thank you, Senator.

Mr. ENNS. Thank you, Senator.

Senator HAWKINS. Mr. Kyser, what role do you think the Farm Credit System should have in assisting farmers in times of difficulty?

Mr. KYSER. The goal of the Farm Credit System is to extend credit at the lowest possible cost to the farmer. And when times are tough is when you want a good credit system. And with us, times are pretty tough now.

I do not believe that I know of a case where a man really had a chance to survive that the Farm Credit System did not stick with him with forbearance, roll his loan over. Sometimes maybe it is an injustice for him to eat up his equity if he does not have a chance. If he has a chance to survive and make a viable unit, I think the Farm Credit System will stick with him, and that, to me, is a wise policy.

Sometimes we do him an injustice to let him eat up all of his equity. It may be a sad thing to say, but he needs to reach that decision sometimes. We have had very, very few foreclosures in the System. We are having a few now. And for a long time it was the policy—and it still is—if a man has any chance, you stick with him. But you do not want to let him eat up all of his equity, which can be bad. Even in a foreclosure case we try to save his house and some area like that.

Senator HAWKINS. Do you see any improvement in the farm credit situation this year?

Mr. KYSER. To me, this year if we are able to stay what I call even—that may not mean anything to you—I consider this success. If a man gets through this year, and is equally as well off as last, I think he has been a success. Now, that may be a little pessimistic. I am a conservative pessimist. Maybe I should not farm to do that. I think it looks better down the line.

Senator HAWKINS. The economic indicators are super right now if we can keep it rolling.

How about you, Mr. Enns, do you see any betterment in California and the States that you are going to represent?

Mr. ENNS. Well, the things that I hear are kind of like the things that Mr. Kyser is indicating, that we just continue to have a lot of problems. One of the things that kind of overwhelms us in our area is the fact that, much to my amazement, I find that we are financing something like 250 different types of crops in California and, of course, within those 250, we have every economic condition that might be available, and so many of these are depending on export matters, and these things change pretty regularly. But you find

many people are still making a success and the reason they are doing it is because they have a good economic unit that they are operating. They have managed their affairs well. And the people that seem to fall behind or have fallen behind before are doing so again. And I believe the earmarks are there for great improvement, but as Mr. Kyser indicated, they are going to have to hang tough this year and be optimistic things will still be better next year.

One of the other things that makes a real problem, of course, has been the high cost of interest on many loans, and this certainly eats up equity very rapidly. But I sense an improvement in the whole situation.

Thank you.

Senator HAWKINS. What do each of you feel is the proper role for the Farm Credit System in assisting young or beginning farmers?

Mr. Kyser, do you want to go first?

Mr. KYSER. We have a definite role. I like the idea where the Federal land bank, particularly—I am more familiar with that—goes in partnership, you might say, with the Farmers Home Administration and they work out a joint situation for the young farmer so he can get his loans in what I call a viable state, and let the Farm Credit System take them over. To me, that is a wonderful opportunity. We are doing a little bit of that.

It is difficult to find people that fit exactly into that plane. We should see that they have a chance to go before we get them in over their heads.

Senator HAWKINS. It is very important. Is that a concern?

Mr. ENNS. Yes; that is real true. The thing about it is the young farmers may not have any more opportunities to succeed in farming than any other business. We have to look at it across the board with respect to who is going to succeed. I believe, as I said earlier, one of the major things we have to do is have employees who understand farmers and who understand financing, because their advice and assistance to these young people is so valuable in respect to how they respond in their own activities, that they do not overborrow, or attempt to overcapitalize by borrowing and thereby have a failure. There just is no magic way that a young person that has no equity can jump into farming today. Normally, it is considered there has to be some type of bringing in some cash to show responsibility in that area, or some other type of equity, and from that progress, hopefully in a successful way.

Senator HAWKINS. Would either of you like to make any additional comments on areas of interest to the committee for the record which we may not have addressed?

Mr. KYSER. For a young farmer, I think the greatest asset to him is a wife willing to sacrifice some of the now advantages to help him get over the hill. I think that is a big asset to him. He has got to recognize he has to give up some of the advantages that may be his if he took a different job. What I am trying to say is he has got to build some savings, which is sometimes difficult. If you see other people have a boat and go to the river, then you have to decide.

Senator HAWKINS. The material things come and go very fast.

Mr. KYSER. That is one of the things they have to be careful about when they have a good year—to put a little bit aside for the lean.

Senator HAWKINS. Right.

Do you find a lot of young men and women coming into farming who have not come from a farm background, whose parents or grandparents were not farmers?

Mr. KYSER. Not in our area.

Mr. ENNS. No, I would not think there are many of these at all. It has such a demand on experience, practical knowledge.

Mr. KYSER. But not necessarily all. Some of our most successful young farmers are the ones who start out renting, were able to keep something and then bought that ground.

Senator HAWKINS. But their families were experienced.

Mr. KYSER. Farm people. That is right.

Senator HAWKINS. In our area of the country, we have seen a new phenomenon with the Vietnam veterans who came back and suddenly wanted to work with the soil and had no background at all in farming, but something they wanted to do. It is an interesting occupation but it is also a hazardous business. That is where your role is so important giving advice and helping make these decisions for inexperienced farmers.

Mr. KYSER. A good many of my contemporaries after World War II did the same thing. There are not too many of us left.

Senator HAWKINS. I have noticed that.

Mr. KYSER. The ones who had no past experience, they have done successfully other things.

Senator HAWKINS. We appreciate both of you being here today. It was a great support team you brought with you. It does take family cooperation to be a success in anything.

My husband says behind every successful woman is an astonished husband, and maybe that works with men too. A very supportive spouse, if nothing else. This transcript will be in the record and every member of this committee will read it and report out favorably, I trust, these nominations and recommend you for confirmation in the Senate.

Mr. ENNS. Thank you very much.

Mr. KYSER. Senator, we appreciate your patience and time.

[Whereupon, at 10:48 a.m., the committee adjourned, subject to call of the Chair.]

[Questions submitted by Senator Huddleston to Messrs. Enns and Kyser and answers thereto:]

DISCOUNT PRIVILEGES

Question. Under the Farm Credit Act Amendments Act of 1980, Congress mandated that the Farm Credit System allow certain commercial banks access to discounting privileges available through the Federal intermediate credit banks. Do you see this as helping a significant number of farmers obtain needed credit?

Response from Mr. Enns. In the Eleventh Farm Credit District, with which I am most familiar, discounting privileges are available on a routine basis to other financing institutions (OFIs) that meet the statutory criteria. As more working agreements are established, more farmers are benefiting from this additional source of funds.

Applications for an OFI relationship are most frequent during a period of high money costs. At the moment most commercial banks have much greater liquidity than was true when the 1980 Amendments were considered. Also, one special factor

in our area is that the large number of branch banks decreases the overall number of applications. In any event, the availability of this credit service is widely known within the Sacramento District, and I believe that System personnel are making a conscientious, good faith effort to meet their obligations under these new authorities.

Response from Mr. Kyser. My guiding philosophy is that farmers should have a dependable source of credit at a reasonable cost. If OFIs can more appropriately meet the needs of a borrower, then they should be encouraged to make the fullest possible use of discount window privileges. In my own home district there is a recognized need for such activity, and we have a number of successful OFIs operating there. As I see it, the botton line is to provide adequate credit for America's farmers utilizing all the means available.

YOUNG FARMERS

Question. In recent years, the age of the average American farmer has steadily increased. I is vital to U.S. agriculture that younger persons be given the opportunity to get into agriculture as family farmers. Yet, with the price of farmland and interest rates at high levels, it is almost impossible for young persons to buy farmland. What do you see as an appropriate policy for the Farm Credit System to aid young and beginning farmers?

Response from Mr. Enns. Credit assistance for young farmers is presently available through existing programs at the association level, with emphasis given to encouraging those who have the ability to become successful farmers. Since I have a son involved in a farming operation, I am particularly conscious of this obligation to help not only those who, like him, are second or third generation family farmers, but also others with perhaps fewer starting advantages and less opportunity to enter farming.

Of course, because the Farm Credit System is cooperatively owned and is also obligated to private investors for its loan funds, it can not offer subsidized interest rates to any special group without increasing the loan charge to all member borrowers. In view, however, of the specialized nature of our business (agriculture), we should recognize the special needs of young farmers by assigning their loan accounts to well-trained credit personnel who can advise them properly. To the extent that public policy calls for extraordinary assistance to young farmers, we should also work closely with and assist the Farmers Home Administration in attaining those goals.

Response from Mr. Kyser. Naturally, with two sons of my own in farming, I am very much interested in the Farm Credit System efforts to aid young and beginning farmers and believe that this aspect of farm credit policy warrants special attention. In my view, the expertise of Farm Credit System personnel can be quite helpful in providing assistance to those who are trying to enter farming, especially during this difficult period for agriculture. I have already elaborated on this subject at some length in response to questioning from Sen. Hawkins, but I would particularly hope to see close PCA and FLBA cooperation with the Farmers Home Administration (FmHA) in assigning a high priority to this important area.

STATEMENT OF HON. HOWELL HEFLIN, A U.S. SENATOR FROM ALABAMA

Mr. Chairman, I am pleased to introduce to the Committee, Mr. Joseph Kyser from Greensboro, Alabama.

Mr. Kyser was born in Minter, Alabama. He is a graduate of Auburn University with a Bachelor of Science Degree in Agriculture. Additionally, he has done graduate work in agricultural economics.

A farmer, Mr. Kyser owns and operates a 775 acre farm (also rents 160 acres) with 225 beef cows in a cow-calf operation. He also has 300 acres of ponds in farm-raised catfish, in partnership with his two sons. The family has a catfish hatchery and an interest in a catfish processing plant.

Mr. Kyser is a Director and Past Chairman of the Federal Land Bank Association of Demopolis, Alabama. He is Past President of the Hale County Farm Bureau, and Director/President of the Greensboro Farmers Cooperative. He is a member of the Demopolis Production Credit Association, the Tri-County Cooperative, the Hale County and Alabama Cattlemen's Association, the National Cattlemen's Association, the Catfish Farmers of America, and the Greensboro Rotary Club.

Mr. Chairman, Joseph Kyser is an outstanding citizen of the State of Alabama, a successful farmer and businessman, and a dedicated community leader. I am confident he will do an outstanding job as a member of the Federal Farm Credit Bureau.

It is my privilege to present to you this outstanding Alabamian, Mr. Joseph Kyser.

COMMITTEE MEETING

THURSDAY, JULY 28, 1983

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C.

The committee met, pursuant to call, at 2:20 p.m., in room S–324, U.S. Capitol, Hon. Jesse Helms, chairman, presiding.

Present: Senators Helms, Lugar, Cochran, Boschwitz, Hawkins, Wilson, Hatch, Huddleston, Leahy, Zorinsky, Melcher, Pryor, Boren, and Dixon.

The CHAIRMAN. A hearing on the nominations of Joseph Kyser and Paul Enns to be members of the Federal Farm Credit Board was held on Tuesday of this week.

During the course of the hearing, which was chaired by Senator Paula Hawkins, both nominees testified as to their long associations both as borrowers and as officers of the Farm Credit System. I believe the hearing transcript will show that both nominees are highly qualified to serve on the Farm Credit Board.

I move that we vote on both nominees.

All in favor.

[Chorus of "ayes."]

The CHAIRMAN. Opposed?

[No response.]

The CHAIRMAN. The ayes have it.

I thank the Senators for their cooperation.

The committee stands adjourned.

[Whereupon, at 2:22 p.m., the committee adjourned, subject to call of the Chair.]

COMMITTEE NOTE.—July 28, 1983.—The nominations of Messrs. Enns and Kyser were reported to the Senate.

July 29, 1983.—The nominees were confirmed by the Senate.

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